Fiscal Estimate - 2011 Session

Original Updated	Corrected Supplemental					
LRB Number 11-2930/1	Introduction Number AB-0374					
Description Creating a preference in state procurement for Wisconsin-based businesses						
Fiscal Effect						
Appropriations Reve	ase Existing Increase Costs - May be possible to absorb within agency's budget senues					
No Local Government Costs Indeterminate 1. Increase Costs Permissive Mandatory 2. Decrease Costs Permissive Mandatory Permissive Mandatory Permissive Mandatory Permissive Mandatory Districts 5. Types of Local Government Units Affected Towns Village Cities Counties Others School Districts						
Fund Sources Affected Affected Ch. 20 Appropriations GPR FED PRO PRS SEG SEGS						
Agency/Prepared By	Authorized Signature Date					
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794 12/14/2011					

Fiscal Estimate Narratives DNR 12/14/2011

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Description						
Creating a preference in state procurement for Wisconsin-based businesses						

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary

This bill proposes to create a preference in state procurement for Wisconsin-based businesses. It requires state agencies and other purchasing agents to maximize the awards given to businesses that have at least 50 percent of their operations in Wisconsin or that plan to have at least 50 percent of their operations in Wisconsin in the next year. Therefore, the state agency or purchasing agent may purchase materials, supplies, equipment, and contractual services from any such business that submits a bid or proposal that is no more than 5 percent higher than the apparent low bid or most advantageous proposal.

Fiscal Effect--State

Costs would increase to the extent that the Department would be obligated under the bill to accept a higher bid (up to 5% higher than the lowest bid) from a Wisconsin-based firm. Given the variability in the types of goods and services that are procured by the Department, the fiscal impact is considered to be indeterminate since it would vary on a bid-by-bid basis. There would be additional, indeterminate costs associated with structuring a procurement system or set of procedures that verify that a vendor has at least 50% of its operations in Wisconsin or plans to have 50% of its operations in Wisconsin in the next year.

Fiscal Effect--Private Sector

Wisconsin-based businesses may be placed at a competitive disadvantage when bidding for contracts with other state governments due to reciprocity laws. Currently Connecticut, Georgia, Hawaii, Indiana, Iowa, Maine, Maryland, Michigan, Nebraska, New Jersey, New York, N. Carolina, Ohio, Pennsylvania, S. Dakota, Texas, Utah and Virginia do not impose a penalty against Wisconsin-based businesses competing in their state because they have "equal to" reciprocity laws.

Long-Range Fiscal Implications